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SUBJECT: COLOMBIA: REPORT ON FISCAL TRANSPARENCY

REF: STATE 16737

11. (U) The following information responds to request in reftel.

Colombian Government Efforts

12. (SBU) Under the administration of President Alvaro Uribe, the Colombian government (GOC) has made significant progress on increasing accountability and transparency. Nevertheless, a lack of institutional capacity, narcotics-trafficking and guerrilla violence, remain a threat to Colombia's long-term democratic security, financial standing, and ability to attract and maintain foreign investment.

13. (SBU) The GOC has taken significant steps to streamline government procurement, increase transparency in public expenditure, and ensure accountability in government programs. In 2003, the GOC launched the "Colombia Online" program, aimed at improving transparency, efficiency, and clarity in procurement practices by making public the terms of reference of bidding processes, eliminating onerous registration costs, and updating inventories and accounting information in real time. Today, the Unified Contracting Portal (Portal Unico de Contracion) website (www.contratos.gov.co) contains detailed information on all scheduled government bids. Under Law 80, the GOC has eliminated exemptions to open and full competitions, incorporated public audiences in the award process, and mandated preliminary studies to evaluate the viability of works.

14. (SBU) The GOC also makes public on the internet both the approved national budget as well as amendments to the budget made during the fiscal year. The published data includes both revenues and expenditures, in detail with regular updates. The GOC tax administration has implemented an extensive program since 2005 to improve the efficiency, transparency and effectiveness of its collection system. Due in part to this effort, the GOC recorded a 14 percent increase in tax revenues in 2007.

15. (SBU) In 2007, the Presidential Anti-corruption Program launched the Visible Audits Program aimed at involving beneficiaries and local governments in the review of public investments in health, potable water, education and housing. The GOC held more than 150 public audiences countrywide in 2007 with a similar number planned in 2008. This initiative has succeeded in improving the transparency and efficiency of these investments, as well as allowed the identification of specific cases of corruption.

¶16. (SBU) The GOC continues to move forward with other measures that promote transparency, including its March 2007 announcement to join the Extractive Industries Transparency Initiative (EITI) and the successful partial privatization of the state-owned hydrocarbons company Ecopetrol. Amid these measures at the national level, the central government has begun strengthening efforts to increase accountability at the departmental and municipal levels where a significant portion of revenues are transferred under constitutional mandate and where narcotics-trafficking and guerrilla violence remain a threat to local governments and populations.

IMF Reporting

¶17. (SBU) The IMF has reported periodically on Colombia's compliance with standards and codes covering transparency, including in the areas of data dissemination, payments systems, fiscal expenditures, and securities regulation.

U.S. Assistance

¶18. (U) The U.S. Agency for International Development (USAID) supports the government's commitment to fiscal accountability and transparency through diverse projects aimed at institutional strengthening, increased public awareness and improved internal controls. Between 2000 and 2006, USAID/Colombia's Transparency and Accountability Program supported the design and implementation of standards for public entities to ensure the effective implementation of internal controls.

¶19. (U) The USAID Transparency and Accountability Program has supported 500 citizen oversight groups, through micro-grants, and the creation of 6 participation centers to monitor provision of public of public services and works. In cooperation with the National Planning Department, USAID is currently providing technical assistance for two pilot efforts of Results-Based Budgeting for two Colombian government agencies: the Colombian Family Welfare Institute (ICBF) and the Colombian National Highway Institute (INVIAS). Both agencies included this budgeting methodology in their 2008 budget final decree.
Brownfield